

MINUTES OF THE MONTANA STATE BOARD OF EDUCATION MEETING

September 9, 2004

The University of Montana - Western

Dillon, Montana

Dr. Kirk Miller, Chair of the Board of Public Education called the meeting to order. Members present included: Lynn Hamilton, Mark Semmens, Lila Taylor, John Mercer, Mike Foster, Kala French, Kirk Miller, Storrs Bishop, John Fuller, Diane Fladmo, Cal Gilbert, Patty Myers, and Erik Engellant. Ex-officio members State Superintendent Linda McCulloch and Commissioner Dr. Sheila Sterns were present. Others present included: BPE Executive Director, Steve Meloy, and Loran Frazier from the Governor's office.

APPROVAL OF MINUTES

On motion by Diane Fladmo, seconded by Patty Myers, the minutes were unanimously approved as presented.

BOARD OF REGENTS' REPORT

The Board of Regents report was submitted by Regent Mercer. Regent Mercer stated that they had been interacting with the Board of Public Education and that the results of the efforts of working together would come out in the committee reports. He stated that the Regents had been spending a lot of time on the P-20 Committee and Indian Education for All.

One of main things they have dealt with is Shared Leadership for a Stronger Montana Economy and they appreciate the efforts of the Board of Public Education (BPE) in this area. The idea is for education to try to be the entity that will help all the leaders of Montana collaborate on seeking long term solutions for Montana's economic and social problems.

The Board of Regents conducted an athletic review of the University of Montana - Missoula. Intercollegiate athletics costs more than it can support by itself. The Board of Regents is going through a process of finding a realistic way to deal with the cost of athletics. There is a plan in place to deal with the deficit.

The Board of Regents has prepared budget initiatives for the legislature. The Regents are exploring a new means of developing the budget. The Regents want to be more active in economic development in Montana. The initiative is aimed at working with the policy makers. The four main strategic investments are Workforce Training and Education, Enhanced Access to Higher Education, Distance Learning and Agriculture, Natural Resources and Rural Development.

Regent Mercer stated that Regent Semmens had done a tremendous job with the budget. He stated that the real flaw of the budget process in Montana is that people look at it from the viewpoint of how can we avoid spending money rather than how can we expend money for positive things for Montana. He acknowledged help from the Governor's office and stated that because of the change in Governors we will be trying to get this document in the hands of the gubernatorial and legislative candidates.

Regent Mercer reported on the space issue facing the Regents and the Office of the Commissioner of Higher Education (OCHE). These offices share building space with the BPE. There are pressures for the Regents or BPE to stay or move out. He felt it was important to say that the Regents value the close connection that they have with the BPE being in the same location and want to encourage the BPE to stay with the Regents whether in the same building or somewhere else.

Regent Mercer stated it was an exciting time for higher education and public education in Montana. Education is more engaged than ever in the big picture and if someone doesn't like what we're doing we want to know what we can do better.

BOARD OF PUBLIC EDUCATION REPORT

Dr. Miller submitted the report for the Board of Public Education. He thanked the Board of Education (BOE) members for working together on issues in Montana relating to education and stated that they were working on more projects together as a result of the leadership of the BPE, Regents and the staffs of OCHE, BPE and Superintendent McCulloch.

- The leadership group has ongoing conversations monthly with progress in each area. He commended the leadership group and the staff members for this progress which is a cooperative effort of the BPE, OCHE, Regents, the Office of Public Instruction (OPI) and the Governor's office. The P-20 Committee is staffed by OCHE, Renee Dubay and Roger Barber in cooperation with Linda Peterson from OPI. The Budget Committee is staffed by the Governor's office (Kris Goss and Loran Frazier) and the Office of Budget and Program Planning's (OBPP) staff members Mark Bruno, Amy Carlson and Mike Burke. Indian Education for All is staffed by Lynn Hinch of OPI and Ellen Sweeney from OCHE. They have had three meetings since the last meeting and have made great progress. The Policy and Evaluation Committee is staffed by Steve Meloy and Suzan Hopkins of the BPE.
- School Renewal Commission - A report will be submitted later in the meeting.
- The shared leadership program had a meeting on July 21st that included a discussion of shared leadership and communication plans. There will be further comments during the shared leadership report.
- The BPE has a continued involvement in the pilot testing project for highly qualified teachers to meet the demands of the No Child Left Behind Act (NCLB). The board has continued involvement with the professional educator program standards (PEPS) through the leadership of Linda Peterson at OPI. They are currently reviewing these standards with the university system.
- The BPE is working with the Council of Deans on several issues, including testing of teachers, the National Council for Accreditation of Teacher Education (NCATE) review process and the endorsement internship program to provide more flexibility for hiring highly qualified teachers. There has been an excellent amount of collaboration between higher education, the BPE and OPI. There are currently approximately 30 different subject areas approved for internship programs.

- In connection with the NCATE review process, the BPE is currently taking a look at moving the revision cycle from 5 to 7 years in accordance with what NCATE promotes.
- The Board is interested in distance learning on several levels. At the rulemaking level the BPE revised the distance learning rule to hopefully provide a larger amount of flexibility for kids in K-12 schools. Dr. Miller stated he felt it was critical to have a mechanism to provide high quality professional development to teachers in conjunction with what the University System provides. Currently there is a pilot project at the University of Missoula which is delivering high school courses. The BPE also participated in a meeting sponsored by the Montana School Boards' Association (MTSBA) to look at a member-driven and oriented distance learning project that is self-funded, member-driven and locally-controlled.
- The Montana Quality Education Coalition (MQEC) lawsuit which was filed in the First Judicial District Court was appealed to the Montana Supreme Court. Oral arguments will be heard by the Supreme Court on October 20th.
- The BPE will be hearing three license denial cases. They have hired a hearing officer to hear the cases with members of the board. The hearing officer will prepare proposed findings of fact, conclusions of law and an order and will submit them to the full board for approval.

Commissioner Stearns requested that Dr. Miller explain licensure denial to Regent French and anyone else who is not aware of the process. Dr. Miller explained that granting of licenses is administratively handled by OPI under rules adopted by the Board. In order to lose your license or if your license is denied there is a specific criteria that must be followed. The appeal process first requires OPI to look at the record and make a recommendation to the BPE. If the party doesn't agree with OPI's decision then the party can appeal OPI's decision to the BPE and the Board holds a hearing.

- The BPE has continued involvement with the steering group SALEP (State Action for Education Leadership) now SALEP II. This is a \$600,000 grant that they will be working on cooperatively over the next three years. They are currently working with all education partners to identify and pair high performing districts with low performing districts to learn from each other and move the low performing districts up. Adequate yearly progress (AYP) information is driving the identification of low performing districts.
- The executive committee has had an opportunity to visit with both gubernatorial candidates to promote a positive message about education. The conversations were constructive and gave the BPE an opportunity to get background from them on their take on education.
- The BPE continues to work on their communications plan. It has taken many turns in the road, but the heart and vision is still there. They will be surfacing in a leadership role during the legislative session. The BPE will be making sure the legislative community and the community at large understand the work of the BPE and BOE and that they are trying to better all of Montana by their focus on education issues.

- Dr. Miller announced that Vice Chair Diane Fladmo has been selected as president elect of the National Association of State Boards of Education (NASBE). A year from now she will take on the role of president. This will have a great impact on our voice at the national table.
- Dr. Miller also announced that the BPE fully intends to recommend to the Montana Education Association – Montana Federation of Teachers (MEA-MFT) and NASBE that Patty Myers be on the NCATE Board of Examiners. This is another connector between higher education and the K-12 role. We believe this will give us a bigger say in national education politics.
- The BPE's liaison group (Montana Advisory Council on Indian Education (MACIE) with OPI is working on a drop out prevention program with a grant OPI has received for American Indian students.
- The BPE is continuing its vigilance on NCLB issues. Dr. Miller expressed their appreciation to Superintendent McCulloch and OPI in sending a message back to the Department of Education that some things don't work with rural states and want to make sure that she understands that the BPE is fully behind her. Dr. Miller and Steve Meloy attended the meeting with the Deputy Secretary of Education to present issues important to Montana.
- The BPE is continuing to work on the future of the norm referenced tests. There is an assessment policy task force review working on everything that has been done up to this point to make the transition from utilizing norm referenced information to measure kids in Montana to the Criterion Reference Tests which NCLB requires.
- The BPE has decided to meet with their other advisory council, Certification Standards and Practices Advisory Council (CSPAC), on a yearly basis and will have a joint meeting on March 10, 2005. MACIE provides a report at every meeting.

Dr. Miller thanked his colleagues on the board for their commitment to education.

Regent Foster commented on NCLB and noted that this is a topic of conversation for policy makers and families. He noted that it was important to talk about the difficulties for rural areas in trying to implement this new policy. He stated that it has a very honorable intent and could have a wonderful result if implemented properly in such a way to benefit students. He questioned whether it would be appropriate for the BOE to make an official statement to Montana's congressional delegation about the concerns we share and where NCLB is headed.

Dr. Miller stated that implementation of NCLB in K-12 education in Montana is the responsibility of the chief state school officer which in our state is an elected official and the BPE is the policy making arm of the state. BPE's effort has been to make sure they are in sync with the chief state school officer so they don't make policy or rules that get in the way of implementation of the federal regulations. Dr. Miller deferred to State Superintendent McCulloch and stated that correspondence had been sent that was a cooperative effort between the Governor, State Superintendent McCulloch and the BPE stating our concerns and recommendations.

Superintendent McCulloch stated that she didn't want to impose on either Board or the Regents to do

frequent things but that all schools would benefit from combined input from the boards on the subject of highly qualified teachers. NCLB requires that teachers have a major in each subject area that they teach such as history, economics, geography, or biology, chemistry, earth science, etc. Montana has a broadfield endorsement in both science and social studies that covers several disciplines. Teachers in Montana schools may teach in all areas and to require them to have a major or pass a rigorous test in each field isn't realistic or needed. On September 1, 2003 OPI submitted a definition of Highly Qualified Teacher to the Department of Education which was determined with input from higher education. There has been no response to that submittal. Superintendent McCulloch stated that this issue is something that would be very appropriate for the combined boards to have input on.

Dr. Miller asked for a motion to draft a letter from the Board of Education in support of Montana issues on NCLB that would include the input of Superintendent McCulloch, Commissioner Stearns and Steve Meloy. Superintendent McCulloch stated that the time frame would be flexible and is not an immediate need. Dr. Miller responded that Superintendent McCulloch would be the best to determine when it is appropriate to send the letter.

Regent Foster questioned Superintendent McCulloch as to when this issue might come before Congress and felt that it would be nice if they saw something while they are still in session. Superintendent McCulloch stated that her understanding was that there won't be any amendments on NCLB until after the election. The letter should also, at an appropriate time, go to the United States Department of Education in support of what OPI is doing.

MOTION: Regent Foster moved that a letter be drafted with the assistance of Superintendent McCulloch, Commissioner Stearns and Steve Meloy to reflect the support of the Montana Board of Education on issues that are the toughest for Montana to accomplish under NCLB. The letter will be sent to our congressional delegation as well as the Department of Education on timelines to have the greatest input. The motion was seconded by Diane Fladmo.

Dr. Miller called for discussion on the motion.

Regent Mercer stated that he agreed with delegating the responsibility for drafting the letter to the leadership group, but asked the leadership group and the Board to consider that this letter or some future correspondence be sent to ask the congressional leaders and representatives to meet with the BOE at our next meeting and have them tell us what they think is possible.

John Fuller stated that he was dubious of the intent of the letter. NCLB is federal law and is not going away. The adaptations are going to be done administratively by rule changes and Superintendent McCulloch has done a wonderful job in outlining the difficulties with the law. He felt that the letter should be directed at urging our congressional delegation to work with the Department of Education and supporting the position of our Superintendent rather than going to Congress for a change in the law.

Dr. Miller requested that the motion be amended to state that they would leave it to the leadership group to make sure the letter is drafted in accordance with the discussion.

John Fuller stated that he was opposed to the letter asking for an amendment of NCLB. He was in

favor of a letter to the congressional delegation asking them to meet with the BOE and encouraging administrative adaptations to the law to meet Montana's needs

Regent Foster agreed that we should sit down with the congressional delegation and Superintendent McCulloch. He was concerned that the letter not be diluted to the point that it doesn't say that there are problems we're experiencing in this state. He stated that changes in the laws, not just the rules should be considered. Regent Mercer stated that he felt the number one objective is for the BOE to make a statement on this and that the content should be delegated to the leadership group which may include changes in the law or the regulations and that we should ask that they give us every option to address our concerns.

Superintendent McCulloch stated that she felt the leadership group could draft a letter stating that we have problems with the law and regulations as they currently stand and they could determine from that whether they need to change law or regulations. She also stated that she would prefer disseminating the letter to the BOE before it was sent. Regent Hamilton wanted to clarify that the focus of the letter would be the BOE's shared interest in highly qualified teachers. Regent Mercer stated that the purpose was to get the BOE to make a statement to back up the efforts made in Montana regarding the difficulties with NCLB legislation and could extend to areas other than just highly qualified teachers.

MOTION (RESTATED): Dr. Miller stated that the motion is to assign to the leadership group the task to draft a letter and that Superintendent McCulloch would send the letter to the Board of Education for comment before it goes out. Dr. Miller called for public comment on the motion. Hearing none he called for a vote. The motion carried unanimously.

Superintendent McCulloch asked for clarification as to what signatures should be on the letter and Dr. Miller stated that the leadership group could make the recommendation to the BOE.

MOTION: Dr. Miller handed out the committee assignments for the coming year and stated that the new member to be appointed to the Board of Public Education would be on the Indian Education for All committee. Following discussion by the Board and calling for comments from the public and seeing none, Diane Fladmo moved that the committee assignments be adopted as presented. Regent Hamilton seconded the motion and following a vote the motion carried unanimously.

GOVERNOR'S OFFICE REPORT

Loran Frazier presented a statement from Governor Martz who was unable to attend due to a security problem at the capital. She expressed her appreciation to all of the leaders of P-20 education and thanked them for their leadership. She acknowledged the new focus of strong education system building a solid foundation for the Montana economy. She stated that the BOE had completed many goals, but that there were many more to be accomplished and was confident the board would keep at it. She stated that the work of the Board was vital to the students in Montana. In Governor Martz' statement she announced that she had appointed former state representative Gay Ann Masolo to serve the remainder of Randy Morris' term ending February 1, 2006.

COMMITTEE REPORTS

P-20 Committee

Regent Hamilton acknowledged that staff of OPI, OCHE, the leadership group and external partners in P-20 have been great and restated the P-20 Committee description. The Committee is also responsible for meeting the constitutional charge to establish a system of education that will develop the full educational potential of each person. P-20 in Montana refers to an integrated and closely aligned system of education from early childhood through graduate school and includes skills training and continuing education.

Regent Hamilton stated that there are two parts to P-20 - building a framework and structure to ensure long-term planning and collaboration between K-12 and postsecondary education and the actual P-20 work. The rationale for building a P-20 system in Montana is directly related to workforce and economic development. State initiatives vital to P-20's success include:

- Implementation of Montana's constitutional commitment to "Indian Education for All"
- Distance delivery of education courses and programs
- Coordinated data and assessment systems, high school and postsecondary dual credit offerings
- Coordinate communications that encourage aspirations beyond high school, communicate high expectations and build education communities that leverage resources, provide opportunities and share the vision of how education benefits the State and the economy.

The P-20 Committee has many projects underway or in the planning stages to support and enhance P-20 education. Regent Hamilton referred to information in the BOE packets regarding the Distance Delivery Program at UofM, Dual Enrollment Task Force and the Assessment and Alignment Task Force. The Committee held a meeting for P-20 stakeholders together with national P-20 facilitators. Dr. Cheryl Blanco of the Western Interstate Commission for Higher Education (WICHE) recommended the following activities to develop a solid foundation for the Committee's work:

- Develop a P-20 framework and strategic plan
- Develop comprehensive data systems
- Continue to identify and involve critical stakeholders, build collaborative relationships and develop communication strategies.

The Committee's work to date has focused on five main objectives:

- Early outreach
- Curriculum and assessment systems
- Planning for and financing education
- Strengthening teacher quality
- Data and accountability systems

The P-20 Committee is offering a new way of doing business, communicating and relating with each other in an effort to increase Montana's educational capital, enhance Montana's economy and increase opportunities for all Montanans.

Dr. Miller asked for questions from the Board.

Commissioner Stearns commented that there had been intense work and discussions the past year and they have found this a real challenge to agree on fundamental aspects of the mission. She asked that

the minutes reflect that the interstate compact of 15 western states has devoted a lot of resources to Montana as a national model. At the September meeting Cheryl Blanco, identified areas of common concern to all of us, such as the demand dilemma, transition from grade 12 to 13 is declining more so than any state other than North Dakota. Comparing Montana nationally we do pretty well in graduating students from 12th grade although with significant pockets and exceptions in some counties and not so well in other counties. Montana's third major challenge is constrained finances. Most other states subsidize post secondary opportunities close to 40% but we are more at the 30% level.

Steve Meloy stated that an infrastructure has been established in the last year and a half to allow the BOE to problem solve and provide oversight. It was brought to his attention two years ago about the inconsistency in the way K-12 and higher education talk about dual credit, advanced placement and articulation agreements. They determined there needed to be a process to bring this before the BOE. Task forces are a part of the infrastructure used to work on these issues without spending a lot of money. A task force has met on dual credit and will report back at the next meeting with some recommendations. The distance education learning project is one topic that both the BPE and P-20 Committee provide oversight for. A survey of K-12 school districts found that the #2 need for distance learning around the state was for remediation of kids in danger of failing to graduate.

Budget Committee

Co-chairs Storrs Bishop and Mark Semmens - Storrs Bishop indicated that there would be several presentations on budgets, the first being from Superintendent McCulloch.

- Superintendent McCulloch stated that she had turned in OPI's proposals on April 30th after several months of gathering information from all entities involved in K-12 education. The K-12 BASE aid funding proposal includes the inflationary factor passed in SB 424 from the last session. OPI will be giving input to the legislature after the school funding lawsuit has been decided and included only the inflationary factor to leave plenty of room for discussion. Also, one item that the Governor has put in her budget that we know is pending is Indian Education for All, and one that was not put in the Governor's pending budget is full time kindergarten.

Madalyn Quinlan, chief of staff at OPI, stated the OPI budget was submitted in two pieces, one for local education activities or money distributed to schools and a request for state level activities which mostly come out of OPI. OPI brings to the legislature present law adjustments and new proposals. A present law adjustment is the amount of money it will take to provide the same level of services. Many of our requests are budget increases but are to maintain the same level of services. In past sessions, because of negative enrollment the present law adjustment has been a negative number and schools have actually lost funding. A decade ago Montana had 156,000 students. During the next biennium it is expected there will be 146,000 students. With the adjustment for inflation we'll be going into next session with roughly 15.6 million dollars in additional funding for K-12 education. There has also been an indication from the Governor's office that they want to tie the inflationary adjustments to special education funding as well. The Governor's office will fund increases we need, again present law adjustments, for transportation aid for schools (not extracurricular) and also facility reimbursements. All of these are part of the school equalization formula. There will be some increases in HB 124 block grants created by the legislature in 2001 as a property tax

replacement scheme and motor vehicle fees and other sources that had been collected at the county level. This also has an inflationary adjustment.

For state level activities, OPI has asked for an incremental increase for statewide student assessments (NRT). This additional cost has been included in the Governor's budget. The request for funding Indian Education for All has been included in the Governor's budget. OPI is anticipating small increases in educator licensure to cover fingerprinting and for archiving educator licensure documents. These items are either in the Governor's budget or are pending approval.

An area that the Governor's office did not include in the budget is full time kindergarten. OPI has asked for full time funding for those school districts providing full time kindergarten. This is optional at the school district level and helps increase learning and achievement. This does not change the compulsory age of enrollment; kindergarten is still optional. The school renewal commission has discussed this issue. Research on full day kindergarten shows that reading skills have increased, social and emotional development has improved, there are fewer grade level retentions, fewer special education placements, and reduced behavioral problems.

- Regent Semmens reported on budget activity for higher education. The Regents' budget process has involved a greater outreach to education partners seeking their input into the budget process at the front of the process. They are trying to be more proactive - not reactive. The process is much more workable and effective for everyone. Regent Semmens referred to a handout entitled "An Investment in Montana's Future," which is attached to these minutes. On the last page, the portion entitled "Maintain Base Funding" refers to the present law adjustments. The Regents' preliminary fiscal 2005 budget for educational units only is about \$290 – 295 million. The state's portion of that is \$115 million. The Regents' are also responsible for a number of other agencies bringing the total closer to \$325 - \$330 million annually. Post secondary education is seeing increased resident enrollments. The other issue they are dealing with is an increase in natural gas and utility prices at current pricing levels of about \$3.1 million over the base budget amount. There are also present law adjustments at each of the campus levels individually for local water/sewer or utility increases which in the aggregate total \$2 million. Most of the new initiatives that the Regents are proposing are a result of the new shared leadership approach and are in areas where they feel there is a greater return on investment and can support economic return for the state. The summary is in the handout and includes workforce training and education, enhanced access to higher education, distance learning, agriculture, natural resource and rural development. These new initiatives total approximately \$8 million for the new biennium.
- Steve Meloy stated that the BPE has submitted and has received tentative approval for program expansions of \$4,000 per year to allow the board to attend meetings out of state and \$2,000 per year to allow the board to participate with the Regents as the BOE without overlapping the BPE or Regents meetings. Program expansions total \$12,000 for the biennium.
- Steve Gettel from the Montana School for the Deaf and Blind (MSDB) stated that there were no new proposals in their budget. They have present law adjustments that require FTE adjustments. Bill Sykes, business manager of MSDB presented their budget. MSDB submitted

seven decision packages to the budget office, five are present law adjustments and two are new proposals as follows:

- During the last legislative session the legislature replaced \$56,000 of the general fund with Montana telecommunication access program funds. MSDB's access to those funds sunsets at the end of this fiscal year, and they are asking the legislature to put this back in from the general fund.
- Extra curricular compensation of \$20,000 for the biennium.
- Replacement of lease vehicles used by outreach consultants. This proposal has been approved by budget office and will reduce gas and maintenance costs equivalent to what the lease cost is.
- State wide FTE reduction of \$31,000 per year eliminated a teacher position as a result of the across board 1% reduction by the 2003 legislature. The FTE reduction together with the vacancy savings of 4% totals approximately \$155,000 a year and makes it difficult to run a cottage program that runs 24-7 and staff classrooms.
- A new proposal for \$25,000 to replace computers. MSDB does not have access to the technology fund through OPI.
- A present law adjustment to replace the commercial dishwasher for \$10,000 in the first year of the coming biennium.
- \$20,500 each year in the general services program for base adjustments to reduce the number of items that MSDB will need to ask for delayed maintenance funds to repair.

Regent Mercer asked if the automatic inflationary adjustment for K-12 education also applied to MSDB . Madalyn Quinlan responded that this was only for the direct state aid for schools and was not in the budget for MSDB. Mr. Sykes stated that there are some inflationary factors that are negotiated with the budget office such as for the cost of utilities.

Mark Bruno from OBPP stated that Mike Burke is the new analyst with the budget office that would be working with education. The budget calendar has been passed out. The total of the present law general fund requests for the three other agencies are:

- The Montana Arts Council has three present law requests totaling \$15,830
- The Library Commission has seven present law adjustments totaling \$826,612
- The Montana Historical Society has seven requests totaling \$235,028

Mr. Bruno stated that the ending fund balance for fiscal year 2004 was higher than anticipated. Much of that revenue is one time in nature and not predicted to continue through the next biennium. The present law budgets will still be tight, but the budget office is hoping to address as many present law adjustment items as possible as on-going revenue allows. After determining how much one time revenue is available, the Governor and budget director will determine how many one time expenditures can be funded. The statutory deadline for transfer of the proposed budget to the Legislative Fiscal Division is November 15th .

Regent Semmens asked what the process was for the executive office to deal with pay plan issues. Mr. Bruno responded that the labor unions are negotiating with the state, but that issue doesn't have to be settled before the budget is submitted.

Regent Mercer asked if there was any action required by the BOE to adopt and accept the budget

reports. Steve Meloy responded that the last two bienniums the BOE danced around what a unified budget means. The OBPP asked them to prioritize within the separate budgets but not over all. The process used was that each program state what they really need for next biennium but not prioritize one program over another. Mr. Meloy suggested that this is the best we can do for this budget period and that the BOE recognize the needs stated in the decision packages which have been submitted to Mark Bruno and approve those.

Regent Semmens stated that at some time the BOE does need to visit about the unified budget process itself. Earlier this year the Budget Committee had a teleconference to discuss how to proceed with unified budget request. This is something that needs additional work. Everyone agrees the appropriate and reasonable process is somewhere between the two extremes. It should be more than stapling budgets together but it's not reasonable to expect that the BOE is going to be able to establish the overall budget items for P-20 education in Montana and have the knowledge for prioritizing among all of the alternative programs. The Constitution clearly envisions some form of unified budget. After K-12 education, the Regents, and the university system develop their preliminary budgets in the spring and before the executive budget process in September, the joint BOE should get together for a meeting that is focused on the presentation of the preliminary budgets for the P-20 system and have active dialogue between the members as to those budgets, needs and priorities. That input should then go into the budgeting process and each board can go back and make considerations as to whether that input might alter their recommendations. The process should allow for a full understanding by the Regents of K-12 budget issues and by K-12 of the Regents budget issues and the other agencies the BOE is responsible for.

Regent Mercer stated that the BOE should move to adopt the unified budget. He also stated that he did not feel the BOE was following the constitutional mandate in connection with the unified budget and they need to meet the goals Regent Semmens has set forth. He stated he doesn't feel like the BOE is engaged in the budget process in the way it's intended. He recommended that the BOE charge the Budget Committee with a review of that charge and see if they want to revise that and then take the steps and at least try to do what's intended. BOE needs a person like Steve Meloy or Dr. Stearns as a staff person to run the BOE. Regent Mercer has tried to sell this idea to the Governor's office and thinks they're interested. He stated that if the BOE can't synthesize the budgets then how can they expect the OBPP or Governor's office to synthesize them when they're working on all of the budgets. He stated we need to have someone come forward to put together some staff and a budget for the BOE and then they can work on some of these things we're trying to do. Ultimately it will involve the entire board in making some of the decisions. The BOE needs to meet more often because so many important issues are before the Board. He stated that he felt the Board should move to adopt the unified budget as presented.

Regent Semmens agreed with Regent Mercer's statement that this is an important enough issue in Montana to allocate staff to the BOE. Regent Mercer stated that we need to work on the different languages that are used for higher education and K-12 education and develop a common language. The BOE needs an individual that can start putting those things together. Regent Semmens stated that the Regents had made some progress with the university system and came up with a presentation form that readily identifies, in a one page summary, the key budget issues for each campus, a financial page stating where the meaningful changes are and an area where they specifically identify areas of strategic priorities and how they are allocating resources to those priorities. This might serve as a budget model

for the unified budget process.

Dr. Stearns stated she would like to take this presentation form to the leadership group and share how it has worked. Dr. Miller stated that he believed we have a process in place to allow the leadership group to help us do a better job.

Regent Semmens, as co-chair of the Budget Committee requested that the BOE hold off on changing the charge to the budget committee and allow them to examine the charge and make recommendations. Regent Hamilton stated her support for Regent Mercer's suggestion to pursue funding for the BOE and feels it is critical as the BOE moves forward. The committees have begun a strategic planning process that is important to tie to the budgeting process. She questioned if it would be possible to delay formal approval of the unified budget until we see a final document. Mr. Bruno stated that there would still be time.

A discussion was held as to whether this delay would require another meeting and how that would be accomplished. Regent Mercer asked what the effect would be if the BOE doesn't do anything. Mr. Bruno stated it wouldn't make any difference.

Mr. Fuller questioned whether the proposal being advocated by Regent Mercer was for a legislative request for a BOE staff position and whether it would be independent of the executive branch. Regent Mercer stated that anything would be better than what the Board has now which is donated staff time and that the BOE should have its own staff person, someone who will advocate for, be hired by and work for the BOE.

A discussion was held regarding a motion to adopt the budget as presented.

MOTION: Storrs Bishop made a motion that the BOE accept the budgets as presented by the various entities today as the unified budget of the BOE. The motion was seconded by Regent Hamilton. There was no further discussion and the motion carried unanimously.

MOTION: Regent Semmens made a motion to charge the Budget Committee of the BOE to review and make recommendations as to the process for presenting the unified budget in the future and suggested revisions to the definition of unified budget requests for presentation to the BOE at the next meeting. The motion was seconded by Regent Taylor. There was no further discussion and the motion carried unanimously.

Mr. Bishop stated that he was in full agreement with Regent Mercer's suggestion that the BOE try to get an independent staff person who will work for the BOE. Regent Mercer suggested that the members of the Board, Steve Meloy and Commissioner Stearns discuss this issue with both gubernatorial candidates and legislative candidates to see if someone will present this as their idea. He stated that he didn't feel it was a good idea for the BOE to make a motion on this but first to see if the BOE can get someone else to present the request for a BOE staff person. Mr. Fuller concurred and called upon all members of the board to make contacts.

Indian Education for All Committee

Co-chair Cal Gilbert called on Superintendent McCulloch to report on the Indian Education for All Summit. Superintendent McCulloch stated that in the fall of 2003 the Governor appropriated some federal money to OPI for Indian Education for All. There is no national model for Indian Education for All. Other states are looking to Montana because of the Indian Education for All provision that we have in our Constitution. The idea of the summit is not to be confused with a conference. The summit will result in concrete working plans coming out of it. They are looking for the small and large things that can be done to implement Indian Education for All. Deputy Superintendent Bud Williams is in charge of organizing the summit and provided further information.

Bud Williams stated that the summit would be held in Helena on the 15th and 16th of October. He stated that they need the expertise of the BOE at the summit. The summit is "A Call to Action." People have talked about Indian Education for All long enough and now is the time to do something about it. Only 52 % of American Indian students graduate from high school. The American Indian students represent 11% of our Montana students today. It would be a larger population if the drop out rate wasn't so high. OPI brought together some of the brightest educators in Montana to plan the summit. The summit will involve a facilitated process in large group/small group work sessions. The small work groups are going to make recommendations to the State Superintendent for implementing Indian Education for All. Bill Demmert, the leading researcher on Indian Education, will be giving the key note address. The topics of the group sessions are education structure, drop out prevention issues, how we might narrow the achievement gap, educational leadership and Indian Education for All. Mr. Williams stated that many schools are only paying lip service to Indian Education for All. The Sherlock decision and NCLB have brought this issue to the forefront. This is truly a P-20 issue: a preschool issue, reading readiness and what we do with them in terms of culture and work in middle school and high school, how we invite American Indian students to college and help them be successful in two or four year programs or technical colleges. Only 2% of our K-12 teachers are American Indian. American Indian students need to see American Indian educators teaching their classes. The information from this summit will help the State Superintendent make a plan as to how additional monies from the legislature should be spent in terms of curriculum, accurate history, and in-service for all teachers.

The other things happening at OPI relating to Indian Education are that Everall Fox, formerly with OCHE is working with OPI in Indian Education and Mike Jetty has returned to OPI as the drop out specialist in Indian education. OPI is asking for \$250,000 per year for Indian Education. This year in the ADC report schools have to report to OPI what they're doing in the area of Indian Education for All.

As a follow up Cal Gilbert stated that previously on the fall report only three schools said they weren't doing anything for Indian Education for All. The follow up this year will provide more detail. He stated that the issue of Indian Education for All was a real trump card for the funding lawsuits, but is an Achilles heel for NCLB because a school's success is based on their success.

Steve Meloy stated that the staff of the Indian Education for All Committee recommended two minor word changes in the committee description. The proposed committee description is attached to these minutes. Regent Hamilton moved that the Indian Education for All Committee description be

amended as proposed. The motion was seconded by Mr. Bishop. There was no discussion and the motion carried unanimously.

Policy and Evaluation Committee

John Fuller, co-chair deferred to Steve Meloy for the committee's report.

Mr. Meloy stated that a memo had been included in the members' packets regarding collaborative policy language. A flow chart has been prepared to show how the leadership group fits in. The committee has talked about having a liaison from each BOE committee work with each task force. This is being accomplished by Steve at the present time, but there is an opportunity for someone else to do this.

Regent Roehm has suggested that the committee description be changed. Right now the committee is process-oriented in nature and he feels the committee should be more substantively involved in the work of the BOE. The suggested changes are contained on the handout attached. The first suggested change is to eliminate the word "evaluation" and substitute "planning" in the committee name to take the committee from procedural to more substantive involvement in the work of all the committees. He has recommended that language be added to make the committee responsible for coordinating and consolidating the strategic plans of the BOE committees and present a composite strategic plan for adoption by the BOE.

Mr. Meloy stated that the P-20 Committee had talked about creating a strategic plan for the BOE but decided to develop a strategic plan for the P-20 Committee only. If the BOE adopts the proposed language it suggests that each committee will have a strategic plan and then the Policy and Evaluation Committee will prepare a composite plan for the BOE. Mr. Fuller stated that he was in favor of the proposed language and that the staff person for a unified budget for the BOE could also be the strategic planner for the BOE. Regent Hamilton stated that she didn't feel it was necessary to redo the strategic plan every year.

Commissioner Stearns concurred with Regent Hamilton and stated that it was not realistic to have new strategic plans for each committee each year. She stated her concerns about adding further responsibilities to what the leadership group is already doing to facilitate the work of the committees. Regent Mercer stated he understood Regent Hamilton's concern, but felt that the committees should have strategic plans and so should the BOE. He recommended that the amendment state: "The committee will coordinate and consolidate the strategic plans of the various committees and annually review the strategic plan of the BOE."

Mr. Fuller suggested the following language: "The committee will coordinate and consolidate the strategic plan of the Board of Education."

MOTION: Dr. Miller called for a motion. Mr. Fuller moved that the committee description be modified as per the discussion. The motion was seconded by Ms. Myers. Following discussion the motion carried unanimously.

School Renewal Commission Update

Dr. Miller handed out the School Renewal Commission Update and Summary, which is attached. The School Renewal Commission will present its recommendations to the Interim Committee on Education and Local Government September 15, 2004. Dr. Dori Nielson is preparing a final report of the Renewal Commission. One of the first statements of consensus developed in 2003 was that the Montana accreditation standards are the foundation upon which a quality education should be built. Other concepts include removing barriers to consolidation, regionalization of school services, revenue and taxation modernization, funding full day kindergarten, and more.

Regent Mercer commented that it was a great report and that a lot of effort went into the work of the Renewal Commission. He stated follow through on the work of the Commission is something that the BOE could do if they were staffed. Regent Hamilton stated that it would be helpful if the BOE members were informed about these issues as they come up before the Legislature in the next session so Board members could be available to testify. Dr. Miller stated that any ability to promote the issues that have been contemplated, debated and decided on by the BOE would be greatly appreciated.

Regent Hamilton asked if there was a process to communicate the results of this study or if anyone had contacted television stations or PBS to do a special program on the work of the school renewal commission. Dr. Miller replied that Dr. Nielson's report would be as widely distributed as funds allow. The Commission did give that charge to Dr. Nielson to develop a formal press release along with the report. A full blown communications plan will have to be developed. Regent Mercer asked if under the concept of shared leadership there was something the university system could offer to review what the commission is doing and help them disseminate it. Ms. Myers stated that its not just a communication problem with public, the education community doesn't know either. They do plan to present information at both MCEL and MEA-MFT. Dr. Stearns will contact university groups to see if they would be able to do a 20-30 minute documentary.

Dr. Miller stated his appreciation of the comments and asked that any further ideas or activities people are doing be communicated to Loran Frazier and Steve Meloy.

Shared Leadership Update

Commissioner Stearns stated that the progress as described has continued through the course of the summer. The Post Secondary Education Policy and Budget Committee voted at the July meeting of the Regents to promote three of the objectives for follow-up and action; (1) access, (2) distance learning and (3) workforce development. They have had meetings around the state with attendances from 15-20 in the smaller areas and 80-100 in larger areas. The people of Montana are very engaged and interested in education and economic developments connection to education. The discussions involved what education can do to assist in workforce development, ensuring that high school students are workforce ready or ready for secondary education. Making sure that credits that transfer also count toward degrees was discussed. Dr. Miller stated that Havre is the health care center of the hi-line and they can't produce enough nurses and that they have the same problem with teachers.

Commissioner Stearns stated that the sessions were very helpful with many good ideas on the intersection of economic development and education. All of the meetings had at least one or more

legislators in attendance.

There was no further business on the BOE agenda. Dr. Miller asked if there were any public comments. None were offered.

Regent Mercer stated that he felt it would be nice if the BOE did some sort of resolution or something thanking Governor Martz for her service on the BOE. Dr. Miller concurred and asked Mr. Meloy and Commissioner Stearns to look into it and determine what to do.

Ms. Myers moved to adjourn, the motion was seconded by Ms. Fladmo, motion carried.

Submitted by:

/s/ Linda McCulloch, Secretary
Linda McCulloch, Secretary